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REPORT FINDS MILITARY INSTALLATIONS A KEY ECONOMIC DRIVER
Study Indicates Facilities' Presence Provide \$9.1 Billion Impact

PHOENIX – Arizona's military operations are increasingly important to the state's economy, creating and supporting tens of thousands of jobs and generating more than \$9 billion in revenue, according to a new study.

Governor Janet Napolitano today unveiled *Economic Impact of Arizona's Principal Military Operations – 2008*, a report that details the economic contributions of Arizona's major military installations, using data from 2005.

The report found the military's contributions in Arizona have increased significantly over the five-year period since the first study (2000 statistics), which tallied \$5.7 billion in total economic impact – a 60 percent jump.

In it, the study looks at the impact of the facilities themselves, as well as other economic activity that is generated by their presence. The \$9.1 billion impact is split as follows:

- ***Direct – \$3.248 billion*** – the impact of jobs created by the military installation
- ***Indirect – \$4.412 billion*** – the impact created by interactions among industries related to direct impact, i.e., raw materials and transportation and wholesaling of products
- ***Induced – \$1.461 billion*** – the effect which supports local activity, such as household spending

"Our military installations are important to our nation, communities and economy. This report further backs the economic significance of their contributions," Governor Napolitano said. "They provide a solid source of employment for military and civilian personnel."

The report found that the direct employment impact of the facilities is substantial, with nearly 46,000 employees (civilian included) tied directly to the installations statewide, as many jobs as created by Arizona's two largest private employers (Wal-Mart and Banner Health Systems) and more than 96,000 in direct, indirect and induced, which is equal to the number of workers at the state's top five employers.

The study included nine military installations in Arizona, the five major bases: Yuma Proving Grounds, Yuma Marine Corps Air Station, Luke AFB, Ft. Huachuca and Davis-Monthan AFB, as well as the four National Guard facilities in central and southern Arizona. It excluded military contractors, such as Boeing and Raytheon facilities and other military-related contractors, whose presence in the state are not directly associated with the military facilities, but are in Arizona because of workforce or supplier reasons.

Arizona is the first state to conduct this type of economic analysis of the military industry. Other states are now doing the same, using Arizona's efforts as a model.

The executive summary of the report is attached, and the full report is available online at www.azcommerce.com.

For more information about the Office of the Governor, please visit www.azgovernor.gov.